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# STRENGTHENING OF THE COORDINATION OF HUMANITARIAN EMERGENCY ASSISTANCE OF THE UNITED NATIONS

# DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION: TRADE AND DEVELOPMENT

## Letter dated 26 November 1993 from the Chargé d'affaires a.i. of the Permanent Mission of Yugoslavia to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith information on the effects of the sanctions on the economic, social and humanitarian situation in the Federal Republic of Yugoslavia.

I should be grateful if you would have the present letter and its annex circulated as an official document of the General Assembly under agenda items 44 and 91 (a).

(Signed) Dragomir DJOKIĆ
Ambassador
Chargé d'affaires a.i.

ANNEX

The effects of the sanctions on the economic, social and humanitarian situation in Yugoslavia

The sanctions introduced almost a year and a half ago by the international community through Security Council resolutions 757 (1992), 787 (1992) and 820 (1993), have had devastating economic, social, humanitarian and other effects with unforeseeable consequences.

The economy of the Federal Republic of Yugoslavia is in a particularly precarious position owing to the effects of the sanctions. Total economic losses so far are in excess of 20 billion dollars and the Yugoslav economy has declined to the levels of the 1960s.

According to recent World Bank data, the social product in the SFR of Yugoslavia totalled 70 billion dollars, i.e. US$ 3,000 per capita. Owing to negative trends, primarily because of the country's economic blockade, it is estimated that the per capita income in the FR of Yugoslavia will amount to US$ 200-250 in the end of 1993 with a further downward trend, should the sanctions persist in 1994. Consequently, in 1993 the income in the FR of Yugoslavia has dropped below the poverty line by Western standards. Extremely alarming is the rampant inflation, which destroys the remaining sound fabric of Yugoslav economy and dramatically reduces the living standards of the population. For example, the social product dropped in 1991 by 11 per cent compared to 1990 and in 1992 it dropped by 27 per cent compared to the previous year. It is estimated that in 1993 it will further drop by 30 per cent compared to 1992. The assessments indicate that cumulative losses due to the drop in social product and decrease in the stocks of social capital will amount to $25 billion.

The ban on international transit through the Federal Republic of Yugoslavia led to the re-direction of commodities and tourist flows.

The perpetuation of the regime of sanctions will ultimately result in the systematic ripping of the country's economic tissue and unchecked social and economic stratification. There seems to be a growing sense of the lack of perspective among young and creative experts in the wake of the sanctions, which contributes to the "brain drain".

The volume of industrial output fell by 21 per cent in 1992. In the first half of 1993 it even dropped by 41 per cent compared to the same period last year. The sectors of metal processing and the electrical industry are hardest hit by the sanctions.

The lack of raw materials, intermediates and fuels even more adversely affected industry. According to information of the Institute for Market Research in Belgrade, in June 1993, 73 per cent of the firms surveyed did not have enough raw materials, whereas as many as 92 per cent had experienced shorter or longer production stoppages.

The decrease in the volume of agricultural production and construction industry was 15 per cent in 1992. Current consumption decreased by 20 per cent whereas investments have been halved. In 1992, export was drastically reduced (50 per cent) and import by 37 per cent in the wake of the sanctions enforced by the European Community and the United States of America. As a consequence, the trade deficit rose to $1.3 billion.

In September 1993, the Sanctions Committee denied the request for the import of natural gas from the Russian Federation for the manufacturing of fertilizers. Owing to the lack of fertilizers alone, it is estimated that the wheat yield was lower by 500,000 tons this year. The fuel shortage has seriously affected the anticipated scope of sowing this year.

Deterioration of the economic situation is also reflected in the rise of unemployment (750,000 officially registered in the FR of Yugoslavia). However, the number of nominally employed is around 1 million and there are 1.2 million pensioners which implies that at the end of 1992 there were over 3 million unemployed or nominally employed persons, in addition to pensioners, receiving social benefits. Practically, this means that around 1 million employed persons sustain the total population of the FR of Yugoslavia of 11 million people plus almost 1 million refugees. Despite the relatively vital private sector in the field of services (trade) even in these difficult conditions, that is not enough to absorb such a substantial overload on the work force.

The devastating consequences of the discriminatory economic blockade were most tellingly reflected in drastic hyperinflation (1,880 per cent in August) and the fall in living standards. Additional problems with perilous social implications are connected to difficulties in extending care to refugees (650,000 registered, plus 200,000 estimated unregistered cases).

The vicinity of war to the FR of Yugoslavia certainly contributes as well. The local currency has been totally devalued. The disruption in supply lines in the cities, due primarily to the lack of fuels coupled with hyperinflation, has resulted in shortages as of late. Basic food staples are more expensive than in the European capitals.

The collapse of economic activities as a result of sanctions has generated a sudden expansion of the grey economy, particularly in the finance and monetary field, i.e. through transactions that contravene existing laws and regulations (the share of cash exceeds 50 per cent of the total money supply as opposed to 10-15 per cent in developed economies; a major part of trade paid for by cash evades taxation, which in turn has to be made up by money emission, with inflationary effects).

In addition, the sanctions and economic crisis have a harsh effect on the private sector and the transformation of the economy regarding privatization. Therefore, the survival of 100,000 private firms has been jeopardized, thus paralysing entrepreneurship as one of the vital segments of economic tissue.

In the field of foreign trade, owing to the economic blockade, the Yugoslav economy stood to lose major markets in the European Community and other European countries. As a result, Yugoslavia has been unable to market its export commodities, which has had devastating effects on export-oriented sectors and on

those firms which rely on imports for their production. Such a situation was a direct outcome of a one-sided suspension of the Agreement on Cooperation between the SFR of Yugoslavia and the European Community and the accompanying Protocols (financial, trade and textile) and of the Agreement with the EC for coal and steel followed by Yugoslavia's exclusion from the list of GSP of all developed countries. Subsequently, our activities in international organizations (United Nations, International Monetary Fund, World Bank, etc.), other multilateral (General Agreement on Tariffs and Trade, World Tourism Organization, World Intellectual Property Organization and others) and bilateral agreements in the field of foreign trade and other forms of economic cooperation were unilaterally suspended. That will have a major negative impact on the terms of Yugoslavia's access to financial markets and of marketing our products on foreign markets after the lifting of sanctions.

The sanctions have dealt a heavy blow to transport and communications in Yugoslavia. The ban on the flights of the Yugoslav Air Transport company was followed by the blockade of all other modes of transport. Resolution 820 (1993) in particular isolated the Federal Republic of Yugoslavia from the outside world in terms of transport and communications. Yugoslav vessels and aircraft that were abroad at the time were impounded and prohibited from returning to the FR of Yugoslavia. Navigation on the Danube was restricted and Yugoslav ships cannot navigate outside the FR of Yugoslavia's territorial waters. The supply of humanitarian assistance has been particularly hard hit. By a special decision of the Sanctions Committee, the use of the Bar seaport for that purpose has been prohibited. There are 20 Yugoslav sea vessels, 43 river ships and 6 aircraft under the blockade. Their total value exceeds $600 million.

The European Community countries do not admit buses with Yugoslav registration plates or buses with foreign registration plates carrying Yugoslav passengers. As a result, Yugoslavs temporarily employed abroad have been prevented from low-cost travel to visit their relatives in the FRY, particularly during Christmas and Easter holidays. Many countries go even further than the relevant Security Council resolutions actually envisage.

Drivers and passengers of vehicles with Yugoslav registration plates are often harassed for hours or even days at border crossings with Hungary, Austria and other countries. Although they possess proper documents for the shipment of humanitarian relief to the FR of Yugoslavia, the police and customs officers delay those vehicles, sometimes for up to a week, under the pretext of checking the validity of the documents, although medicines and other humanitarian help cannot sustain long transportation delays.

The sanctions also resulted in a decrease in the volume of means of transportation in the Federal Republic of Yugoslavia, increased operating costs and the blockade of Yugoslav offices and assets abroad. Owing to the implementation of the sanctions it is impossible to collect foreign dues, estimated at over $1 billion at the end of 1992.

In the field of catering and tourism in 1992, the volume and services dropped by 23 per cent compared to 1991. In 1993 the volume of tourism is still shrinking, since, because of Yugoslavia's international isolation, the number of foreign tourists is decreasing. On the other hand, the number of domestic tourists is also less because of the impoverishment of the population.

The sanctions create almost insurmountable difficulties at the social and humanitarian level in ensuring normal conditions for everyday life. Consequently, in addition to the strangulation of the economy, the sanctions lead to the humiliating pauperization of nationalities who found shelter in the FR of Yugoslavia have been particularly hard hit. (There are 250,000 children among the refugees, who need health care and elementary education, which can hardly be provided by the Federal Republic of Yugoslavia without outside humanitarian assistance.)

The extremely grave social and humanitarian situation in the FRY under the sanctions imposed by the international community is confirmed by the United Nations document "The Revised inter-agency appeal for the former Yugoslavia" of 8 October 1993, compiled by the Department for Humanitarian Affairs of the Secretariat and the United Nations High Commissioner for Refugees.

During the past winter, because of the lack of adequate heating (in some institutions there was no heating whatsoever), the mortality rate of newborns, as well as the elderly and the sick, increased and there were cases of pneumonia and other diseases caused by cold and severe shortages of vital medicines. With another winter looming, if the sanctions are not lifted or at least eased, children, the sick and elderly will be exposed to greater risks.

Until 1991, Yugoslavia had a comprehensive network of health-care institutions, expert personnel and technical equipment capable of providing adequate health protection to all categories of population in accordance with the standards of the World Health Organization. Health-care insurance was all-embracing and health-care protection almost totally free of charge.

The secession of some former Yugoslav republics has resulted in the worsening of the overall economic situation, which has been reflected in particular in the field of health care. The FRY was left without 60 per cent of medicines and materials supplied from the former SFRY republics. The latest medical equipment, imported from Germany and Japan, formerly serviced in Zagreb, had to be put out of use owing to the lack of necessary servicing. The country was suddenly without the medicines formerly imported and without the raw materials to produce them locally, without equipment and spare parts and without the necessary sanitary equipment for general or specialized purposes.

In 1992, the mortality rate due to contagious diseases increased by 37.5 per cent compared to 1991 and the number of contagious epidemics increased 2.5 times. The programme of mandatory child immunization, in accordance with the standards of the World Health Organization, had to be cut down compared to 1988. The percentage of children who received the polio vaccine dropped from 93.3 per cent to 84.45 per cent, whereas DPT vaccine recipients dropped from 91.29 to 84.45 per cent, measles from 91.79 to 80.64. The mortality rate for newborns in Belgrade increased from 14 to 16 per cent in 1992. For the first time in years, one of the major 10 diseases affecting adults is anaemia. The Cardiovascular Center in Belgrade conducted 502 open-heart surgeries in 1991 and only 203 in 1992. Kidney transplant surgeries decreased by 50 per cent.

The health condition of the population drastically deteriorated as a result of the worsening standards of living and long-standing exposure to a situation of stress. General conditions in the hospitals have reached the bottom line and

can only be compared to conditions prevailing during the Second World War. There is a shortage of medicines, disinfectants, cotton wool and bandages and natrium-chloride for water purification. There are instances of many diseases believed to have been eradicated (typhoid, chicken pox, etc.). The number of cases of tuberculosis has also increased, particularly among the refugees, since the lack of X-ray film and medicines has hampered early detection and cure. At the present time, there is a shortage of over 50 per cent of necessary medicaments for primary health protection (antibiotics, etc.). There is a shortage of the necessary medicines for patients with heart conditions and chemicals for dialysis that cannot be locally produced since the raw materials cannot be imported, which would result in the deaths of thousands of patients receiving this therapy.

Although the supply of medicaments is not covered by the sanctions, there is a host of problems in obtaining them from abroad. Moreover, the Sanctions Committee has forbidden Yugoslav manufacturers to import raw materials for drug production into the FRY, which is a heavy blow not only to the pharmaceutical industry but to the health-care system in general, since it is more expensive to purchase ready-to-use drugs and Yugoslav funds abroad have been frozen even for those purposes. At the same time, the FR of Yugoslavia cannot export any goods, the proceeds of which would make it possible to obtain hard currency. The situation is all the more difficult since even before the sanctions were introduced, Yugoslavia was heavily dependent on importing products and necessary substances for the pharmaceutical industry (for medical and sanitary materials 95 per cent of raw materials had to be imported, more than 85 per cent of intermediate goods and over 90 per cent of medical equipment). High-technology equipment (OT, NMR and other) purchased before the imposition of sanctions is wearing down or is out of use because foreign suppliers (Siemens, General Electric, Cocherent and others) refuse to service the equipment and because spare parts, often minor and inexpensive, cannot be bought abroad. There is not enough fuel for ambulances, not even in emergencies.

By resolution 757 (1992), the remittances of pensions and other social security payments from abroad to beneficiaries in Yugoslavia has been discontinued. Consequently, the beneficiaries have been deprived of the basic means for subsistence which, inter alia, runs contrary to paragraph 5 of resolution 757 (1992) whereby payments for humanitarian purposes are exempt from the sanctions regime.

There are 60,000 pensioners in the FR of Yugoslavia who receive pensions from 19 countries with which Yugoslavia has concluded conventions on social security (Austria, Belgium, Luxembourg, Hungary, the Netherlands, the Czech Republic, Bulgaria, Denmark, Germany, France, Italy, Norway, Poland, Romania, Sweden, Switzerland, the United Kingdom, Egypt and the Libyan Arab Jamahiriya) or with some countries on the basis of national legislature where bilateral agreements have not been concluded (United States of America, Canada, Australia, New Zealand, Russian Federation and others). In addition, approximately 40,000 children receive child support payments and 500,000 family members of workers employed abroad and pensioners receive health insurance payments from abroad. The discontinuation of such payments from abroad represents the violation of fundamental human rights and basic norms of international law and is contrary to the Charter of the United Nations and the Universal Declaration on Human Rights.

The Sanctions Committee has repeatedly denied the requests of the FR of Yugoslavia to exempt those payments from the regime of sanctions. Finally, on 22 October 1992, the Committee stated that "while Governments may decide to forward social security benefits to recipients in the Federal Republic of Yugoslavia, it is up to the Government concerned to devise a mechanism for doing so without contravening the mandatory sanctions".

However, despite the Committee's authorization in principle, some foreign partners defy that. A number of countries accepted the Committee's position, whereas others, mostly the EC members, have not demonstrated readiness to do so.

Most of the European countries allow payments to recipients in Yugoslavia through the accounts opened by the beneficiaries in that country (or in a neighbouring country, Hungary or Austria) where payments or social security benefits payments are made. However, the Yugoslav recipients are in a difficult position since this involves travel costs and other inconveniences as they are mostly older people. Some of them have also been subjected to humiliating treatment in the banks only because they were Yugoslav citizens.

All programmes of scientific, technological and technical cooperation with important countries have been suspended, with disastrous effect on the scientific and technological development of the FR of Yugoslavia. Yugoslav scientists have been prevented from obtaining state-of-the-art know-how, exchanges of experts, materials and equipment, and obtaining financial and other support from abroad.

By interrupting the activities of the national programme with the United Nations Development Programme and by not being able to take part in the realization of the regional programme for Europe, Yugoslavia was deprived of $8 million in technical assistance from UNDP. The FR of Yugoslavia has been excluded or prevented from taking part in major international installations or bases (CERN, EARN, BITNET, EURONET, OLIS, CEN, EUROBASE, HOSTOM, DIALOG and others), which in effect has prevented its normal communications with the outside world and obtaining information with a view to adapting Yugoslav economic, technical and scientific standards. Representatives of the FR of Yugoslavia rarely participate in international seminars, symposia and scientific conventions. Advanced training abroad, publications in foreign magazines, the exchange of publications and other scientific and technical and technological information has also been prevented.

The refusal of some countries to send mail (other than letters) to the FR of Yugoslavia, including scientific and other publications and magazines already subscribed to and paid for, represents a violation of the Charter on Human Rights and is an uncivilized act not unprecedented even in the First World War, when international mail was sacrosanct even among the warring parties.

At a time of exceptional importance of information, the flow of information to and from Yugoslavia has been blocked. The exchange of television programmes has been stopped and Yugoslav radio and television were excluded from the European Union for Radio Diffusion.

The sanctions have also had manifold adverse effects on education, although this area is not specifically mentioned in the Security Council resolutions.

Owing to the embargo on oil supplies and oil derivatives, the heating of schools has run into difficulties, which created problems in organizing classes last year.

The sanctions have also had a negative effect on the environment. The ecological blockade affects all citizens and threatens the right of everyone to a safe environment. For example, the lack of spare parts alone leads to increased risks of ecological accidents, air and water pollution, deforestation, etc. Those consequences are not only of a local character: they can also adversely affect areas far beyond Yugoslavia's borders in the form of transborder pollution.

Changes in ethical and moral values also take place in the face of the sanctions. Traditional social values are being lost and criminals, corruption, smuggling and violence thrive, generating widespread fear. At the same time, the sanctions and political isolation of the FR of Yugoslavia tend to radicalize the political situation in the country by destroying social classes, the middle class in particular. Democratic processes are therefore being impeded, since the population so drastically punished by the international community, on the verge of biological survival, cannot afford to contemplate democracy and instead concentrates on mere existence.

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